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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000522

SIPDIS

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TAGS: [PGOV](#) [KDEM](#) [NP](#)

SUBJECT: NEPAL: PRIME MINISTER EXPANDS CABINET TO 22

REF: A. KATHMANDU 471

[1](#)B. KATHMANDU 468

[1](#)C. KATHMANDU 437

Classified By: Charge d'Affaires Jeffrey A. Moon. Reasons 1.4 (b/d).

Summary

[1](#)1. (SBU) On the evening of June 17, Prime Minister Madhav Kumar Nepal of the Communist Party of Nepal - United Marxist Leninist (UML) inducted five ministers and six state ministers into his cabinet, bringing the total to 22. The PM also assigned portfolios to the six Nepali Congress (NC) ministers sworn in on June 4 (Ref B). None of the Madhesi parties, including the faction of the Madhesi People's Rights Forum (MPRF) led by Deputy Prime Minister Bijay Gachhadar, participated in the swearing-in. All observers agree that the current government cannot stabilize and survive without Madhesi participation, so this expansion of the cabinet is only an interim step toward final formation of the government.

Portfolio Divisions, Notable Assignments

[1](#)2. (SBU) After several weeks of negotiation, Prime Minister Madhav Kumar Nepal on June 17 agreed on a power-sharing deal with the NC and expanded his cabinet to 22 ministers and state ministers. With the addition of 11 ministers in his second expansion since taking office on May 25 (Ref C), PM Nepal's cabinet stands at 16 ministers and six state ministers. The power-sharing deal between the UML and NC yielded each party 10 of the 22 portfolios. The MPRF and the minor Communist Party of Nepal - Marxist Leninist (CPN-ML) each holds one, although the MPRF will claim additional ministries in the coming days. The UML retains the Ministry of Home Affairs; the appointee, Bhim Rawal, is a close Embassy contact and an experienced leader well-placed to oversee the police services. On the other hand, Bidhya Bhandari, the widow of a former UML General Secretary, retains Defense. Bhandari is widely viewed as having no experience or particular competence in government, and local observers -- including UML members -- expect her to be reassigned. Several ministries have split or been renamed to accommodate the demands of the political parties.

The Shape of the Cabinet...for Now

¶3. (U) The cabinet is as follows:

- Prime Minister ... Madhav Kumar Nepal (UML)
- Deputy Prime Minister and Minister of Physical Planning and Works ... Bijay Gachhadar (MPRF)
- Foreign Affairs ... Sujata Koirala (NC)
- Defense ... Bidhya Bhandari (UML)
- Finance ... Surendra Pandey (UML)
- Home Affairs ... Bhim Rawal (UML)
- Information and Communications ... Shankar Pokhrel (UML)
- Peace and Reconstruction ... Rakam Chemjong (UML)
- Local Development ... Purna Kumar Sherma Limbu (NC)
- Energy ... Prakash Sharan Mahat (NC)
- Irrigation ... Bal Krishna Khand (NC)
- Federal Affairs, Constituent Assembly, Parliamentary Affairs and Culture ... Minendra Rijal (NC)
- Health and Population ... Umakant Chaudhari (NC)
- Labor and Transport Management ... Mohammad Aftav Alam (NC)
- Land Reforms and Management ... Dambar Shrestha (CPN-ML)
- General Administration ... Prabhakar Pradhanang, aka Rabindra Shrestha (UML)

State Ministers:

- Home Affairs ... Muhamad Rijwan (UML)
- Peace and Reconstruction ... Dilli Bahadur Mahat (UML)
- Local Development ... Ganesh Bahadur Khadka (NC)
- Energy ... Chandra Singh Bhattarai (NC)
- Health and Population ... Khadga Bahadur Basyal Sarki (NC)

KATHMANDU 00000522 002 OF 002

- General Administration ... Jit Bahadur Darji Gautam (UML)

Madhesi Parties on the Sidelines

¶4. (SBU) The three main Madhesi parties -- MPRF, Terai Madhes Democratic Party (TMDP), and Sadbhavana Party (SP) -- declined to take part in the cabinet expansion because of disputes about who should get which portfolios. The MPRF reportedly could not decide whether their allocated quota should go to existing Constituent Assembly members or to other party leaders. The TMDP could not decide which ministries to accept; options included the Ministry of Science, Environment and Technology and the Ministry of Youth and Sports. Rajendra Mahato, chairman of the SP, announced to the media that his party could not join the government until the UML and the NC rectified their decision on portfolios. "They first chose the major ministries for themselves and left the minor ones to us. ... The way they took the decision is against the culture of coalition government," he said.

Comment

¶5. (C) The decision to expand the cabinet solidifies NC and UML support for the new government. Embassy contacts agree, however, that any viable government must include Madhesi participation, so this expansion does not address the fundamental issue that has prevented M.K. Nepal from finalizing his cabinet. Some observers speculate that achieving that goal will require expanding the cabinet to upwards of 40 members in order to placate all 22 parties in the unwieldy coalition. This will be an unnecessary drain on the country's resources, particularly among the civil service as ministries split and responsibilities reorder to the detriment of productivity. That the parties took almost a full month to reach this stage does not bode well for the peace process -- especially since the Maoists have been vocal that they intend to make this government's tenure difficult and brief.

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